

Small Business Conference

HUBZone Program Update

HUBZone Program - Community Based:

- Employment***
- Empowerment***





HUBZone Program

From outset, designed as a virtual program always available at:

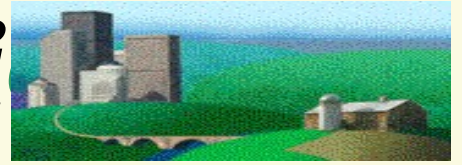
www.sba.gov/hubzone

Eligibility, Qualified Areas



- ✓ **Metropolitan Area Census Tracts (Qualified Census Tracts) (HUD): 11,600 (Change with decennial census.)**
- ✓ **Non-metropolitan Counties - 1,200**
 - **Median household income is less than 80% of the non-metropolitan state level (Census) (Change with decennial census.)**
 - **Unemployment rate that is not less than 140% of the state-wide or U.S. average (BLS) (Change annually.)**
- ✓ **Federally recognized Indian Reservations as defined by external boundary (Change on an ad hoc basis.)**
- ✓ **Military Bases affected by closures. (BRAC))**

HUBZone Portfoli



- ✓ ***Total Portfolio: 13,000+***
- ✓ ***HUBZone firms' total average annual receipts: \$22 Billion***
- ✓ ***HUBZone firms' total employment: 177,000 employees***
- ✓ ***HUBZone residents employed by HUBZone firms: 115,000 (65%)***

HUBZone Portfolio



- ✓ ***Did you know that the HUBZone Portfolio:***
 - ***If included in the Fortune 500 (average annual revenue) would be ranked 92nd , just ahead of McDonalds and Coca Cola***
 - ***Has over 620 firms with average annual revenue in excess of \$10, 000,000.00***
 - ***Includes 920 high technology firms in NAICS Code 332710***
 - ***Includes 380 machine shops in NAICS Code 541512***

HUBZone Program



Benefits

- ✓ ***Set-aside awards***
- ✓ ***Sole source awards***
- ✓ ***Awards through full and open competition after application of a price evaluation preference (PEP)***
- ✓ ***Subcontracting Opportunities***

Federal Government HUBZone Contracting Awards by Fiscal Year



- | | | |
|------------------------------------|--------------------|---------------------------------|
| ✓ FY 1999 | Goal - 1% | Actual - not available |
| ✓ FY 2000 | Goal - 1.5% | Actual - \$663.3M (.33%) |
| ✓ FY 2001 | Goal - 2.0% | Actual - \$1.7 B (.72%) |
| ✓ FY 2002 | Goal - 2.5% | Actual - \$1.7 B (.71%) |
| ✓ FY 2003
(1.23%) | Goal - 3.0% | Actual - \$3.4 B |
|
 | | |
| ✓ FY 2004 | Goal - 3.0% | Actual - Pending |
- Since FY03, Government-wide Goal remains at 3% of Federal Prime Contracting**

Recent HUBZone Regulatory Changes

***Published Federal Register
5/24/04***

Effective 6/23/04



Regulatory Changes

- ✓ ***Requires that HUBZone construction firms (general or specialty) must perform at least 50% of the contract itself or through other HUBZone subcontractors***



Regulatory Changes (continued)

- ✓ ***Authorizes SBA to collect from certified firms updated financial information and information relating to employment in order to gauge the success of the HUBZone Program. (Will be initiated this week through an online system)***



Regulatory Changes (continued)

- ✓ ***Confirms that non-manufacturing rule waivers are not authorized in the HUBZone Program.***
 - *However, for contracts at or below \$25,000, firm may provide the end item of any domestic manufacturer.*





Regulatory Changes

✓ ***Restricts joint ventures to
(continued)
HUBZone concerns.***

✓ ***Recognizes Mentor/Protégée
relationships.***

- *Recognized mentor protégé relationships will not result in finding of affiliation*
- *Protégée may team with and subcontract to its mentor*
- *HUBZone itself has no mentor-protégé*

Statutory Changes



Small Business Manufacturing and Assistance Act of 2004 signed by the President 12/8/04 included several important changes in the HUBZone Program

- **Non-metropolitan (rural) counties can secure status if high unemployment rate when compared to either state or U.S.**
- **No terminations due to geographical changes until after 2010 census analyzed & released, and firms previously decertified are to be reinstated if meet all other criteria.**

Statutory changes effective Dec. 8, 2004



- ...
 - ***HUBZone extended to military bases affected by closure (BRAC) .***
 - ***Tribally-owned concerns have an option to meet 35% HUBZone residency requirement at application or later, when secure HUBZone contract .***

Key Marketing Activ



✓ FY 2005 Fed Biz Opps electronic monitoring by the HUBZone Program Office

- Increased program awareness among Federal agencies*
- Reminds contract personnel of HUBZone requirement: 3% prime contract goal*

Targeted Agency Outreach

- Depts. of the Army and Air Force*
- Training seminars and conferences*

The Agenda for FY 20



Primary Agenda:

Contracts!

Targeted Outcome:

Jobs! Jobs! Jobs!



The HUBZone Program

***"Rebuilding
America's
Communities, One
Small Business at
a Time"***